

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 10/1/2012

GAIN Report Number: MY2009

Malaysia

Oilseeds and Products Update

September 2012

Approved By:

Chris Rittgers

Prepared By:

Abdul Ghani Wahab

Report Highlights:

Malaysia's crude palm oil (CPO) production dropped marginally to 1.66 million tons in August 2012. The forecast 2011/12 CPO output remains 18.2 million tons. Exports rose 10 percent to 1.4 million tons in August. The 2 million ton increase in duty free CPO exports has not yet mitigated growing stocks. Reflecting the rising stocks, the monthly average delivered CPO price dropped to \$884 per ton in September.

Post:

Kuala Lumpur

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Executive Summary:

Production

Total crude palm oil (CPO) production dropped 1.8 percent to 1.66 million tons in August, with Peninsular Malaysia's dropping 5.1 percent. East Malaysia's output increased about 3.15 percent. However, compared to August 2011, output during August 2012 was 0.3 percent lower.

As most major plantations companies have started replanting programs, CPO production is expected to trend downward, particularly in West Malaysia. However, the decline in W. Malaysia will be compensated by growing production in East Malaysia as the age profile of plantations there mature.

Price

Growing stock led to the monthly average delivered CPO price dropping from \$903/ton in August to \$884/ton in September. For comparison, the average CPO price for September 2011 was \$1,029/ton.

Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price increased from \$938/ton in August to \$943/ton in September.

Stocks

The stock level for the month of August was 2.11 million tons compared to 2 million tons in July. Although there was about a 10 percent increase in exports in August compared to July, this was not enough to mitigate growing stocks.

Trade

A preliminary official report shows an increase in palm oil exports of 130,000 ton to 1.4 million tons in August. Exports increased in August due to the earlier announcement of additional 2 million ton duty free quota of CPO for export.

August 2012 exports were 16 percent lower than August 2011.

Exchange Rate: US\$1 = RM3.111 (Aug 27, 2012); RM3.074 (Sep 27, 2012)

Other Relevant Reports:

Oilseeds & Products Annual 2012 (AGR Number [MY2002](#))

Oilseed & Products Update Jul 2012 (AGR Number [MY2007](#))

Biofuel Annual 2012 (AGR Number [MY2006](#))

Annual Situation

PS&D CPO

	Revised 2010/11	Prelim 2011/12	Forecast 2012/13
(1,000 MT)			
Beg Stock	1,756	1,887	2,000
Production	18,211	18,200	18,500
Imports	1,650	1,700	1,650
Total Supply	21,617	21,787	22,150
Exports	16,300	16,600	16,800
Domestic Use	3,430	3,187	3,400
Ending Stock	1,887	2,000	1,950

Quarterly CPO PSD (1,000 tons)

	2010/2011					
	Beg Stock	Prod	Import	Export	Domst	End Stock
Oct / Dec	1,708	4,329	282	4,256	448	1,615
Jan / March	1,615	3,570	487	3,574	484	1,614
Apr / Jun	1,614	5,025	278	1,581	536	2,053
July / Sept	2,053	5,287	259	4,970	495	2,134
Total		18,211				

* forecast

	2011/2012					
	Beg Stock	Prod	Import	Export	Domst	End Stock
Oct / Dec	2,134	5,031	280	5,096	291	2,058
Jan / March	2,058	3,686	587	3,920	457	1,954
Apr / Jun	1,954	4,128	391	4,260	528	1,685
July / Sept	1,685	5,355*	200*	4,760*	480*	2,000*
Total		18,200				

* forecast

Quarterly CPO Production (1,000 tons)

	2010/11	2011/12
(1,000 MT)		
Oct / Dec	4,329	5,031
Jan / March	3,570	3,686
Apr / Jun	5,025	4,128
July / Sept	5,287	5,355*

*forecast

Quarterly Production for Palm Oil

	2011	2012	2011 1/	2012 2/
	Jan-Mar	Jan-Mar	Apr-Jun	Apr-Jun
Beg Stocks 3/	1,615	2,058	1,614	1,954
Prod- Pen. Mal	1,964	1,970	2,761	2,600
- East Mal	1,606	1,712	2,264	2,200
- Total	3,570	3,686	5,025	4,800
Imports	487	587	278	400
Total Supply	5,672	6,331	6,917	7,154
Exports 4/	3,574	3,920	4,328	4,400
Dom Disap 5/	484	457	536	545
End Stocks	1,614	1,954	2,053	2,200

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ Residual

Production

	2011	2011	2012	2012	2012	2012
	Aug	Jan-Aug	Jun	Jul 1/	Aug	Jan-Aug
(1000 MT)						
CPO:						
Pen. Malaysia	924	6,603	843	993	942	6,223
East Malaysia	744	5,399	628	699	720	4,946
- Total /1	1,668	12,012	1,471	1,692	1,662	11,169
Palm Kernel: Malaysia	409	2,989	357	423	405	2,812
Palm Kernel Oil: Malaysia	187	1,356	161	187	175	1,287
Palm Kernel Meal: Malaysia	208	1,510	179	210	194	1,429

1/ Revised

Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Sep 2011	3,067	1,101	1,111	861
Oct	2,841	947	974	830
Nov	3,073	1,026	1,056	929
Dec	3,065	1,034	1,055	933
Jan 2012	3,189	1,046	1,062	950
Feb	3,116	1,061	1,081	959
Mar	3,291	1,116	1,130	1,012
Apr	3,493	1,162	1,167	1,136
May	3,197	1,049	1,081	1,044
Jun	2,961	956	967	928
Jul	3,033	991	997	941
Aug 2/	2,811	938	954	873
Sep (till 25 th)	2,717	943	958	874

1/ Prices are for West Malaysia only (since January 2006),

2/ Revised

Exchange Rate: US\$1 = RM3.111 (Aug 27, 2012); RM3.074 (Sep 27, 2012)

Stocks

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	2011	2012	2012	2012	2012
	Aug	May	Jun	Jul 1/	Aug
(1,000 MT)					
Crude P. Oil	1,005	979	786	954	1,194
Processed PO	895	807	913	1,045	921
- Total PO	1,900	1,786	1,699	1,999	2,115
Palm Kernel	146	116	127	146	175
P. Kernel Oil	275	342	315	360	372

1/ Revised